



The Deficit Reduction Act Will Improve Education for America's Students

“There is essentially a major new push for funding programs that assist low-income students who need assistance to go to college. That is good policy. We know that our country, if it's going to be competitive as we move into this century, has to be smarter, brighter and more capable than the rest of the world. The way you do that is by giving people the opportunity to go to college, no matter what their income levels are. We give them an incentive so that they can be creative, better educated and, thus, pursue better careers. That creates jobs and opportunity throughout this country.”

-- Senate Budget Committee Chairman Judd Gregg, Oct. 31st floor speech

Fact: Not one benefit for low-income students is taken away under the Deficit Reduction Act. Rather, the bill reduces bank and education lender special payments and profits by \$21 billion and directs the money back into student benefits (\$11 billion) and deficit reduction (\$10 billion).

Fact: The Deficit Reduction Act provides more than \$8 billion in additional direct grant aid for 5.3 million low-income students.

- ü \$6 billion to assist low-income students, resulting on average in a 10% increase in grant aid to low-income students.
- ü \$2.25 billion for third and fourth year low-income students majoring in math, science, technology, resulting in an additional \$1,500 in direct aid per student.

Fact: The Deficit Reduction Act provides another \$3 billion to benefit both low-income and middle-income borrowers in the student loan program.

- ü Reduces “taxes” on students by lowering loan origination fees – surcharges banks and the Department of Education require students to pay to access government-backed loans.
- ü Loan forgiveness for special education, math and science teachers who agree to teach in low-income schools.
- ü Loan deferment for active duty military personnel.

Fact: The Deficit Reduction Act provides additional education assistance to public and private school students who were evacuated due to Hurricane Katrina.